



Dear Sensatex Shareholder:

I am writing to update you on the challenges Sensatex has faced over the past six months and to inform you that I have stepped down as CEO and as a director of the company effective April 30, 2008. The Company has been without funds for one year, operating solely on loans from myself and the other members of the Board. It has also operated without personnel (other than myself) since October. Ultimately, as I had not received any cash compensation during my tenure with Sensatex and the Company simply did not have the funds necessary to enable me to bring the product to market, I felt it was time for me to step aside.

Since November of 2007, we have had a number of discussions seeking to establish sales, strategic alliances or joint ventures in an effort to move the company forward. I have Unfortunately, none of these efforts have materialized. Included among the opportunities that we have pursued in the last 6 months are:

- **Balmora**—Sensatex entered into a non-binding MOU for \$5,000 systems pending funding of a U.K. project. The project has not been funded to date.
- **ConBio** - Sensatex negotiated a joint venture arrangement with ConBio, a Chinese bio life science distributor and developer. ConBio chose not to finalize an agreement.
- **Novartis**— Follow up inquiries about use of the system on lab animals.
- **Duro Textiles**— Sensatex discussed a possible exclusive sale arrangement with Duro Textiles for sales to the military (primarily the Marines). Duro Textiles felt that the price point of the system was too high for the type of sales they were engaged in.
- **Windsor Home Care Network**— Windsor approached Sensatex with a concept for using the system to reduce nursing visits in their system. Unfortunately, they were looking for expanded capabilities and they were not prepared to invest in further development and expansion of the system.
- **Textronics**— Sensatex has continued to have discussions with Textronics about possible joint opportunities but as both companies have little or no funds working a reasonable deal out has been difficult.
- **UnderArmour**— Chairman Walsh has personally presented Sensatex to the founders/top management of UnderArmour. They do not have an interest in Sensatex at this time.

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- **Booz Allen and Hamilton** – The Sensatex system remains on display at the Booz “technology petting zoo” where it remains one of the most looked at technologies. However, there has been only one initial inquiry resulting from the display.

While there may be many reasons why these latest attempts to move Sensatex forward in the market have not materialized, ultimately the Company needs funding to operate and to properly position the product for commercial acceptance.

I am enclosing the year end balance sheet as well as the April 30 financials for your records. The Board is exploring various options for the company moving forward and will be in touch in the near future.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. J. Kain".

4:24 PM  
02/01/08  
Accrual Basis

**Sensatex Inc**  
**Balance Sheet**  
As of December 31, 2007

	<u>Dec 31, 07</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
JP Morgan-4849	3,410.26
<b>Total Checking/Savings</b>	<u>3,410.26</u>
<b>Total Current Assets</b>	3,410.26
<b>Fixed Assets</b>	
Computer / Office Equipment	
Accum Depr-Comp/Equip	-3,378.24
Computer / Office Equipment - Other	3,556.00
<b>Total Computer / Office Equipment</b>	<u>177.76</u>
<b>Total Fixed Assets</b>	177.76
<b>Other Assets</b>	
Suspense	-1,249.99
<b>Total Other Assets</b>	<u>-1,249.99</u>
<b>TOTAL ASSETS</b>	<u><b>2,338.03</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	61,091.89
<b>Total Accounts Payable</b>	<u>61,091.89</u>
<b>Other Current Liabilities</b>	
Interest Payable	6,228.20
Loan Payable-H. Lee Enterprises	10,000.00
Loan Payable-JBT	10,000.00
Loan Payable-Palmer	10,000.00
Loan Payable-Walsh	5,000.00
Note Payable-RGK PC	61,244.41
<b>Total Other Current Liabilities</b>	<u>102,472.61</u>
<b>Total Current Liabilities</b>	<u>163,564.50</u>
<b>Total Liabilities</b>	163,564.50
<b>Equity</b>	
Common Stock	937.42
Paid In Cap-Common	9,542.86
<b>Preferred Stock</b>	
Preferred A, Pd In Cap In Exces	2,674,732.50
Preferred B, Paid in Capital in	3,879,149.27
Preferred Stock, Series B	192.73
Preferred Stock, Series A	<u>287.50</u>

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Accrual Basis

**Sensatex Inc**  
**Balance Sheet**  
As of December 31, 2007

	<u>Dec 31, 07</u>
Total Preferred Stock	6,554,342.00
Retained Earnings	-6,584,009.63
Net Income	<u>-142,039.12</u>
Total Equity	<u>-161,226.47</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>2,338.03</b></u>

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06/01/08  
Accrual Basis

**Sensatex Inc**  
**Profit & Loss**  
January through April 2008

	<u>Jan - Apr 08</u>
Ordinary Income/Expense	
Cost of Goods Sold	
Legal Fees	85.00
Production Costs	46.59
Research & Development	340.10
Total COGS	<u>471.69</u>
Gross Profit	-471.69
Expense	
Administrative	
Bank Service Charges	176.77
Interest Expense	49.79
Postage & Delivery	10.01
Total Administrative	<u>236.57</u>
Total Expense	<u>236.57</u>
Net Ordinary Income	<u>-708.26</u>
Net Income	<u><u>-708.26</u></u>